LMP

Logistics Modernizatio n Program

Briefing to the Army Logistics Enterprise Integration Advisory Board

17 November 2003

AGENDA

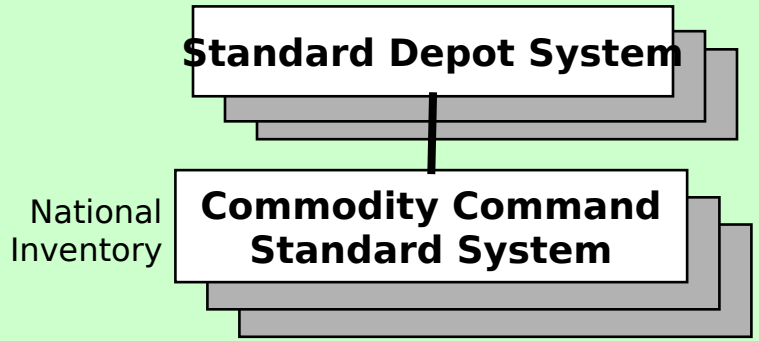
Purpose: Provide an Update on the Army's Logistics Modernization Program (LMP)

- ✓ **The Environment…Yesterday--Tomorrow**
- ✓ **LMP Core Business Processes**
- ✓ **LMP Highlights**
- ✓ **Lessons Learned**
- ✓ **Where We Are Heading**
  - ❑ **LMP**
  - ❑ **Army/Joint**
- ✓ **Summary**

The Environment

Legacy Environment

Current Army Materiel Command's National Level Legacy Systems



Legacy System Shortfalls

- **Outdated**
- **Unresponsive (Batch, Not Real-Time)**
- **25 Year Old Technolo**
- **30 Year Old Proces**
- **Multiple systems**

Study of Industry Implementations Helped Pave the Road Ahead

Modernization Goal

Modernize National Level Logistics Business Practices and Supporting Information Technology to Meet Current and Future Military Readiness Requirements

Implemented Innovative Acquisition Approach

- Purchased a Service, Not A System
- Leverage Private Sector Investments
- Adopt Best Commercial Practices
- Firm Fixed Price with Performance Incentives

- Outsourced our non-core competencies – Only A-76 Waiver in the Army
- A Soft Landing to take care of the displaced Government employees
- Potential to Extend and Expand into Other Related Logistics and Business Areas

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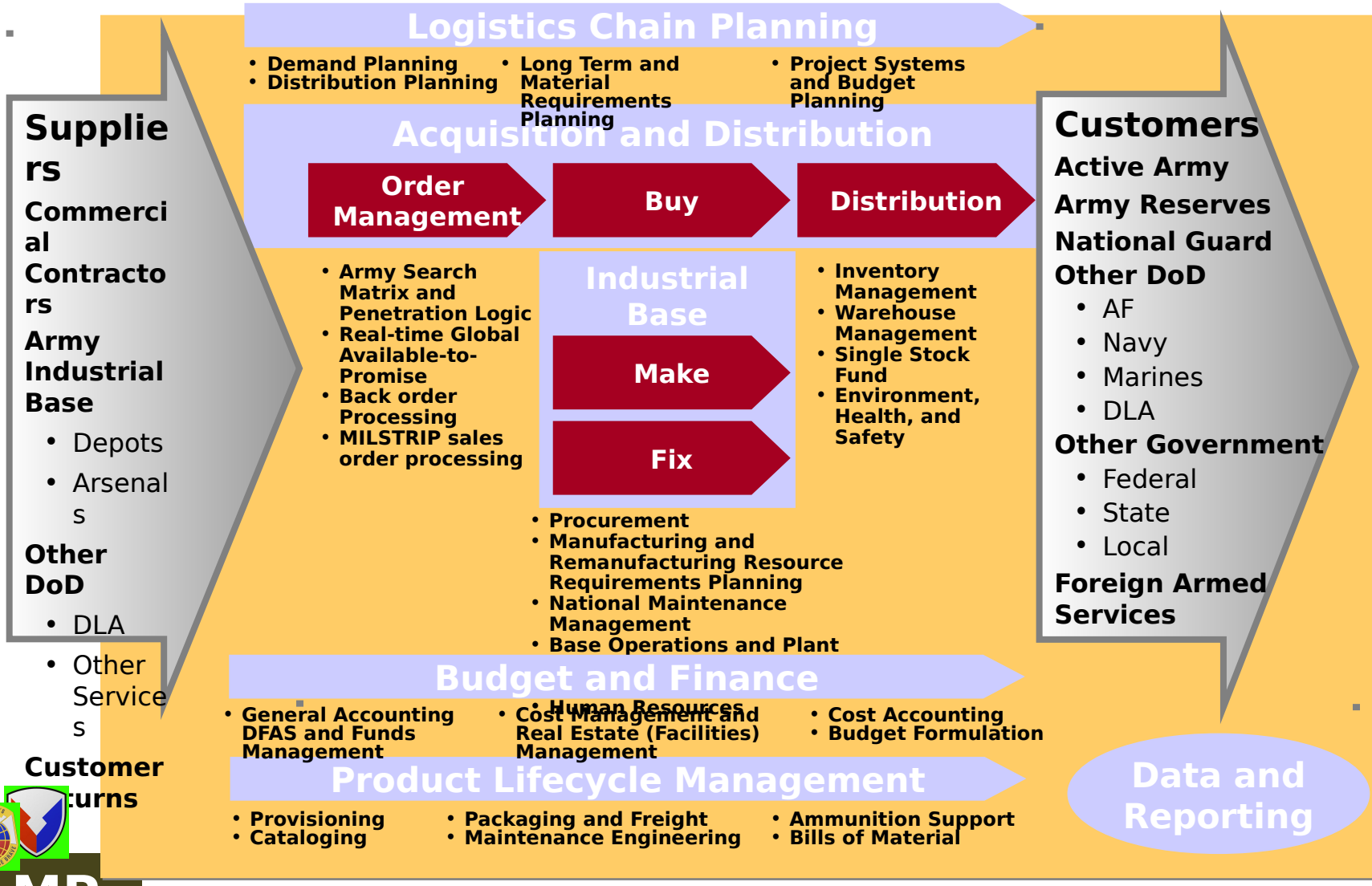
LMP Core Business Processes



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LMP Highlights

- **Army Materiel Command contracted for:**
  - **Modernized Solution**
    - Development and Implementation
    - Sustainment and Technology "Refresh"

Jun 00

A "Service" contract

  - **Outsourced Legacy Sustainment Services**
    - Contractor responsible for sustainment of legacy systems
    - Successfully transitioned 22 million lines of code (CCSS/SDS)
    - 214 Gov't personnel transferred to CSC &150 contractors joined Team CSC

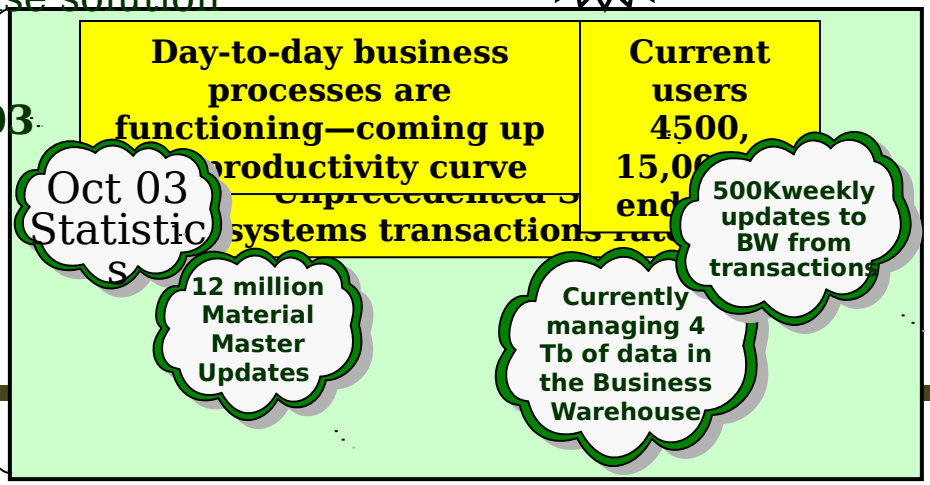
- **Development/Implementation of a National Level Logistics/Financial Army Enterprise Solution**

Jul 03

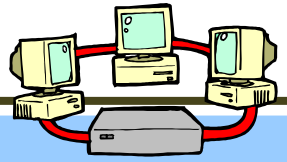
  - LMP first truly integrated Maintenance/Repair/Overhaul Planning and Execution solution
  - Preeminent Enterprise Resource Planning leader to implement the integrated Defense solution

SAP Defense Sector

- **Current Status**
  - **1st Pilot Sites cutover 7 Jul 03**
  - **2nd Sites set for 1 Mar 04**
  - **3rd Sites set for 1 Jul 04**


Day-to-day business processes are functioning—coming up
Current users 4500,
Oct 03 Statistics
12 million Material Master Updates
500Kweekly updates to BW from transactions
Currently managing 4 Tb of data in the Business Warehouse

Lessons Learned



System

- Minimize interface customization – work closely with SAP
- Don't recreate the "As-Is"
- Systems integration testing –Time
- Data driven system
  - **The quality of legacy data and non-integrated systems will "haunt" you**

People

- Sufficient functional resources are a critical component the ground at Moorestown
- Highly integrated, co-located team, common goals and vision
- A long term Strategic partnership is essential
- The nature of your workforce will be critical success factor – think through it!

Age, Longevity, exposure to other work environments

Process

- Broad, frequent and multi-facete communication
  - Expectation Management
- Follow a best practices methodology
  - Cutover scorecard
- Business Processes will cut across Domain functional boundaries
- Strong change control once system is baselined
- Issues review committee
  - Focus on functional and technical
- Structured management reviews and decision process
- Course correction during the project as required
  - Weekly management reviews

Still working critical areas:

- **Data migration**
- **Acquisition Interfaces**
- **User access to information**

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Defense is complex business…Implementation is the beginnin

LMP - Where We Are Heading

LMP a Success…
Moving Forward

- Pilot Stabilization
  - ✓ Estimated early 2nd Quarter this Fisca
- Release of additional functionality
  - ✓ LMP Release 1.1 (9 Jan 04)
  - ✓ Working on Chief Financial Officer (CFO) compliance (Mid-Feb 04)
  - ✓ Planning for next Deployment--LMP Release 2.0 (Mar 03)
- Continuously Modernization and Legacy Retirement
  - ✓ On-going
- Clean Data Migration
  - ✓ Continuing to work

Army/Joint - Where We are Heading

A Phased Approach to Modernization that fits with Joint Partne

LMP
Fully Automated
FY 04

Army Integrated Blueprinting (Mar 04)
- National
- Installation
- Tactical

Vision:

➔ ***Fully integrated knowledge environment***

➔ ***Build, sustain, and generate Warfighting capability***

➔ ***Use collaborative planning and best business practices***

Army Enterprise Implementation
- Product Lifecycle Management +
- GCSS Army (FY07)

Continuous Modernizatio n

✓ **Portfolio Management is maturing**
  - A reality in POM 06-11

✓ **Integration mechanism and procedures being put in place now**
  - Architecture Control
  - Governance Forums
  - Army Logistics Business Process Owners

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Summary

- LMP environment is up and running
- Many challenges--most anticipated
- Structured, disciplined, sustained issue management and resolution process in place
  - A Long-Term Process!
- ERP Implementation is Multi-dimensional for the AMC Organizational
  - It is a Technology, People and Process Change
  - Don’t underestimate the complexity and commitment required
- Review, assessment of our processes makes us better logisticians